

## Rural Poverty Rate Stabilizes

*The rural poverty rate stabilized or declined during 1993-94 after increasing during the early 1990's. The poverty rate is still highest in the South, and rural minorities, women, and children are especially disadvantaged economically.*

The poverty rate in rural America stood at 16.4 percent in 1994. This was lower than the corresponding rate in 1993 by 0.9 percentage point. Although the decrease is not statistically significant, it suggests that the upward trend of rural poverty since 1989 has slowed or reversed (fig. 1). The urban poverty rate also decreased, declining 0.6 percentage point to 14.0 percent. The poverty gap of 2.4 percentage points between rural and urban areas has remained about constant since 1991. The observed decline in rural poverty resulted primarily from increasing employment in rural America (see p.18) and, to a lesser extent, from improved earnings per job (see p. 22).

### Rural Minorities Are Especially Disadvantaged Economically

The poverty rate among rural Blacks in 1994 was 36.4 percent (fig. 2), almost three times that of rural non-Hispanic Whites (13.0 percent) and well above that of urban Blacks (29.5 percent). The economic disadvantage of rural Hispanics also was substantial, evidenced by a poverty rate of 39.8 percent. Despite the higher incidence of poverty among minorities, two-thirds of the rural poor were non-Hispanic Whites.

### Almost One-Quarter of the Children in Rural America Live in Poverty

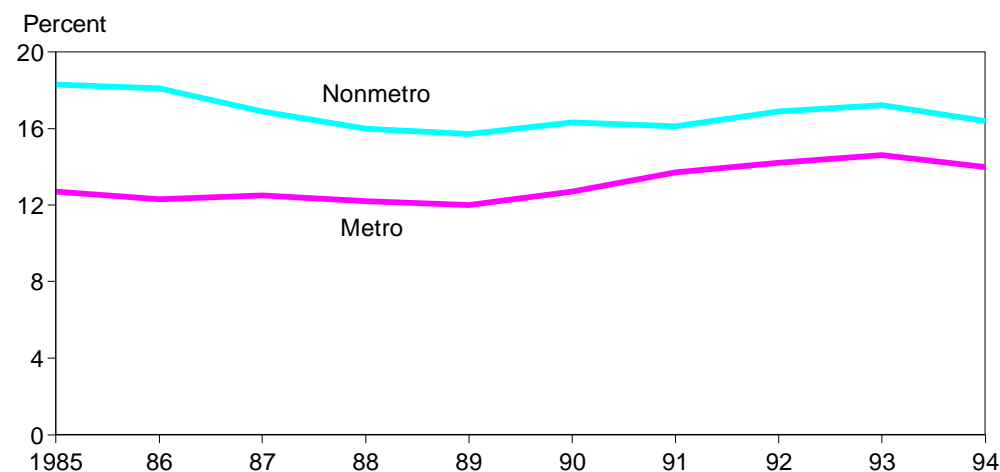
In 1994, 3.6 million rural children under the age of 18 lived in families with incomes below the poverty level. The poverty rate for rural children was 23.0 percent. For rural Black children, who face the combined economic disadvantages of rurality, minority status, and childhood, the poverty rate was 48.2 percent. The majority of rural poor children (59.1 percent) lived in single-parent families, most (53.2 percent) in female-headed families.

The poverty rate among the rural elderly (age 65 and above) was 14.2 percent. This was very near the poverty rate for rural working-age persons (14.0 percent), and substantially higher than that of the urban elderly (10.8 percent). Well over half of the rural elderly poor (55.7 percent) were women living alone.

Figure 1

### Poverty rate by residence, 1985-94

*The poverty rate in nonmetro counties declined in 1994 after a generally increasing trend during the early 1990's*



Source: Calculated by ERS using data from the Bureau of the Census' P-60 series (1985-93) and March 1995 Current Population Survey.

### Higher Poverty in Families Headed by Women

Rural women heading families or living alone experience particularly serious economic disadvantages. Although a large majority of the total rural population (70.6 percent) lived in two-parent families, half of the rural poor lived in families headed by women with no husband present or were women living alone. In 1994, the poverty rate for people living in rural female-headed families was 45.0 percent, and that for rural women living alone was 33.0 percent. By comparison, the poverty rate in rural two-parent families was 8.7 percent while that for rural men living alone was 21.4 percent.

### Employment Status of the Rural Poor

More than 60 percent of the rural poor were in families with at least one working member or, if living alone, were employed at least part of the year (app. table 14). That proportion increased to nearly 70 percent when families with no working-age adults (under age 65) were excluded. Moreover, almost one-quarter of the rural poor (24.8 percent) were either in families with one or more full-time-full-year workers or were full-time-full-year workers living alone. The poverty rate among families with full-time-full-year workers and full-time-full-year workers living alone was substantially higher in rural (6.3 percent) than in urban areas (4.1 percent), reflecting the higher proportion of low-wage jobs in rural areas.

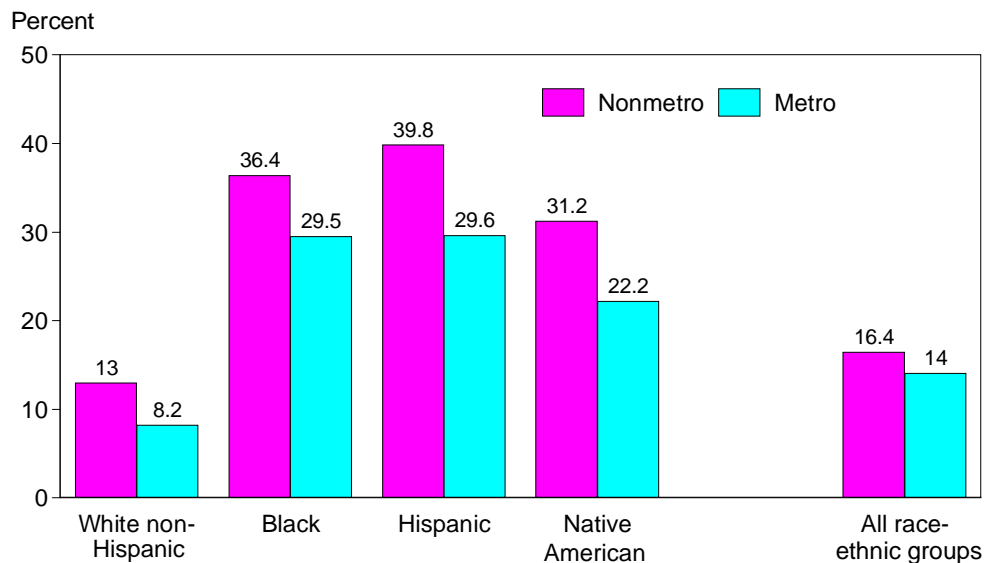
### Rural Poverty Highest in the South

Almost half of the rural poor (49.4 percent) lived in the South (see p. 53 for definition of regions). The poverty rate of 19.6 percent in the rural South (fig. 3) was substantially higher than that in the rest of rural America (14.2 percent), and only in the South was the rural poverty rate dramatically higher than the corresponding urban poverty rate (15.1). Rural poverty rates were 16.5 percent in the West, 13.5 percent in the Central region, and 13.2 percent in the North (app. table 14). [Mark Nord, 202-219-0554, marknord@econ.ag.gov]

Figure 2

### Poverty rates by race-ethnicity and residence, 1994

*Nonmetro minorities experience the highest poverty rates; nonmetro poverty is higher than metro in each race-ethnic category*



Source: Calculated by ERS using data from the March 1995 Current Population Survey.

### Change in the Current Population Survey Sample Reduces Precision of the 1994 Poverty Estimates, But the Effects Are Not Serious

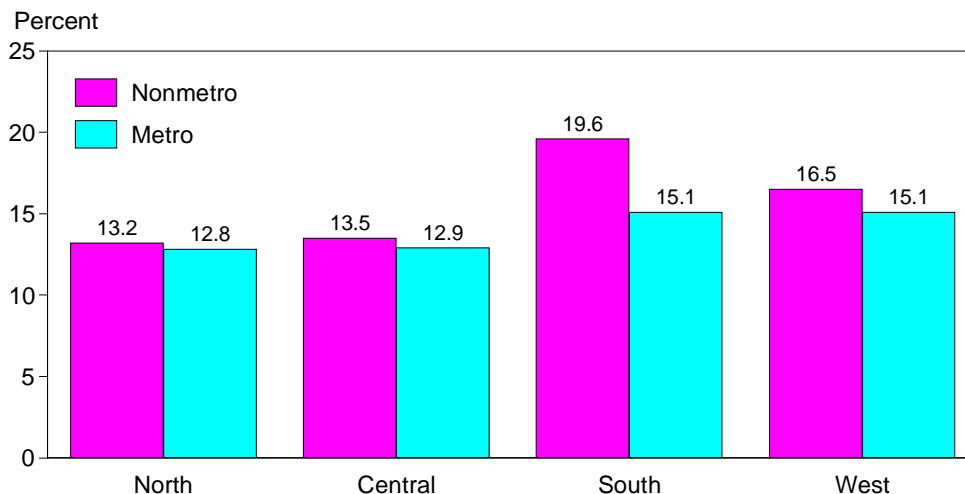
Poverty statistics for 1994 are based on the Current Population Survey (CPS) March 1995 Annual Demographic File (see appendix for description of data sources). The 1995 CPS file has two peculiarities that affect nonmetro poverty estimates. First, the CPS public-use file—our data source—continues to identify households as metro or nonmetro based on the old (1983) metro status of their place of residence. (The 1996 March CPS file will reflect the new 1993 metro definitions.) However, metro and nonmetro poverty rates published by the Census Bureau for 1994 are based on the new metro definition and differ somewhat from those presented here.

Second, nonmetro statistics based on the 1995 CPS file may have a somewhat larger margin of error than in other years because the mid-decade changeover to a new sample frame of households was only half completed in March 1995. Each decade, the Census Bureau constructs a new sample frame (list of households from which the sample is drawn) based on the population information from the decennial census. Households from the new sample frame are phased in over a period of 16 months, and the March 1995 sample was a mixture of households selected from the old and new sample frames in about equal proportions. To determine the extent to which poverty rate estimates were likely to be affected by this characteristic of the sample, we compared poverty rates of households from the old and new sample frames. For overall metro and nonmetro poverty rates and for the regions and population groups reported here, the differences between the old and new samples were very near the average differences that would be expected between two samples drawn from the same sample frame (about one standard deviation). This indicates that the change in sample frames did not seriously affect the reliability of these poverty estimates. To assess whether the change in the poverty rate from the previous year was statistically significant, the 1993 estimate was compared with the 1994 estimate based on households from the old sample frame only.

Figure 3

#### Poverty rates by region and residence, 1994

*The South has the highest rate of rural poverty and the largest nonmetro-metro poverty gap*



Note: See p. 53 for definition of regions.

Source: Calculated by ERS using data from the March 1995 Current Population Survey.